

lose this amount under the proposal; he said he didn't think it's reasonable to assume someone would lose that kind of money. Bass asked if the in lieu of sick leave would affect their retirement. Mitchell said it could. Bass asked if this was just on fire and police or general employees too? Mitchell said he thinks in fire it would affect their pensions, but we have had three or four meetings with them and have had that offer on the table for at least three meetings and met with them today and this is the first we have heard it might affect their pension. Bass said it either does or doesn't.

Powell said some point in time we are going to have to make a decision and where is the money coming from, what services we will have and not have.

David Snider, Acting Library Director, presented his budget to Council, explaining the funding grant received from the Oklahoma Department of Libraries, called State Aide and its requirements. He said we wouldn't know until December when or how much State Aide money will be received. Warren asked if we still get funding from the County. Snider said a request was sent in October from Council to the County Commissioner for \$25,180.00 and they made a counter proposal in January and on February 25th, Council accepted their counter proposal of \$30,180.

He said they currently have five positions vacant and the recommendation is to delete these; that would set our staffing level down to eighteen from twenty-one full time employees. By our agreement with the Oklahoma Department of Libraries, we have to maintain a level of support and if there is a deletion, it could have an adverse effect on our State Aid. Snider would like Council to consider leaving the current vacancies in there, for a total of \$115,000; leave those vacant and later possibly filling some of those positions; once it's deleted, it's hard to get back.

Doug Wells, said the MIS Department supports 400 employees on the database as well as doing the website and is understaffed. He said in Communications/E911 if we have anybody call in sick or go on vacation, we are almost forced to call somebody in on overtime. We get over 50,000 E911 calls per year and over 155,000 calls for service and other type calls. We maintain other equipment for the City, such as radar guns, etc. The Electrical Division is also short one person.

Shanklin asked how we work with the County. Wells said he and Chuck Miller, the director, have a very good working relationship. Shanklin asked how big a staff they have. Wells said you almost have to have two per shift if you are going to maintain someone on the phone; if they don't have a second person there and someone has to leave the room, they could miss a 911 call. They have ten dispatchers, the Director and the Sheriff have five.

Shanklin asked if we get any of their calls. Wells said we do at times and we transfer them back to them and sometimes they get our calls and transfer them back to us.

Vincent reported on the Legal Department. He said there is not much difference than last year, except the amount of money is about \$19,000 less. There is a correction on account 106, it should be reduced by \$4,300 down to \$9,956 bringing a new total to \$806,317. He pointed out that Professional Services account is where we get the money for dilapidated lawsuits and we will have to be addressing that in the near future if we are to continue that program.

Mitchell reported on the City Manager's Department. He said they are reducing their budget this year and there is a correction on the bottom line; reduce the \$268,954 by \$7,900 the new total should be \$261,054. That's an overall reduction in their budget of \$17,978 and that's primarily in Personnel Services. He pointed out there was a question at the last meeting about dues and memberships for the City Manager's Office; there's a \$700 due and membership fee for the City Manager's Association of Oklahoma, \$200 Chamber of Commerce Membership fee and we pay for a newspaper subscription. Mitchell also pointed out that their travel and training line was reduced by \$4,800, so the \$9,700 is reduced to \$5,000.

Donna Mata reported on the Municipal Court budget. She said this year's budget is almost identical to last year's. She did lose one Deputy last year. She spoke on dues and memberships required by State Statutes and training and travel have been reduced from the original request last year and again this year. Hanna asked how that affects her office. Mata said she would lose her court certification at some point. It takes five years to obtain and you are required to attend a certain amount of training each year to maintain certification. Powell asked what the cost of that was. Mata said it is held in Norman and the cost is about \$150 on the one-day training and the two-day training in Tulsa would be approximately \$400. Powell asked Council if this bothered them that she will be unable to keep her certification and/or be kept current in what's happening in Municipal Court is concerned. Bass said this was very important. Mitchell said they could transfer the \$500 over there to help. Mitchell said there is a Personnel change; we are recommending Donna's position be upgraded to a Director's position; it just isn't possible for the City Manager's Office to be able to understand and be responsible to supervise Municipal Court operations on a daily basis and he feels this would be an appropriate change. Mata pointed out this will be a title change only, she will be doing exactly the same duties and responsibilities she has been.

Endicott spoke on the budget for the Finance Admin. Department. They have two employees and have increased the budget by \$10,000 for an external audit, which is required.

Endicott reported on Revenue Services within Financial Services. They currently have twenty employees and a

Revenue Services Supervisor. He is recommending one position be eliminated; a Senior Fiscal Associate and move License and Permits to the License and Permitting Center under Building Development. They also have a vacancy in the Full Service Rep. area and if Council approves this, he would recommend that person become a Full Service Rep. and would have a full staff in that area. Endicott said he wanted to make a couple corrections under the Capital Outlay area. Under 312, vehicle safety lights and vehicle tool boxes, was depending on obtaining two new vehicles, which he eliminated, and also the warehouse door. This is building a new entrance door on the dock to allow the meter service people to get in to do their service work; this caused security problems in the past because E911 is in that area, so at this time he would not like to do that. He said they are in desperate need of hand held radios, so he would like to trade the \$4,200 for \$1,400 for two hand held radios, which will reduce Capital Outlay. Endicott said account 265, Training and Travel, is for a yearly certification for all meter readers and training for the customer service reps.

Endicott next reported on the Financial Services budget. He said they have twelve personnel and this function hasn't seen any changes for the last several years. There is a change in account 265, will be reduced from \$4,000 to \$2,000.

Endicott also reported on the City At Large account. We have \$322,490 in there because we are not sure where the City's portion of our group life and health will go. After the budget is adopted, that amount will be spread throughout all City of Lawton's Departments and Division's budgets. The \$93,000 in 231 account is grant money, which includes \$43,000 in fire and police grants. Devine asked about account 279, other expenses. Endicott said that is \$50,000 for Council Contingency and \$24,000 for the City; each year the County assesses us for ad valorem re-evaluation. Powell asked about 248 and what buildings that consisted of. Endicott said City Hall, City Hall Annex and the street lighting bill. Powell said at some point he would like to know the figures on the street lighting bills.

Shanklin asked at what point the buyers become involved with purchases. Endicott said anything over \$500.

Laura Smith said divisions have the right to purchase anything up to \$500, if it's in their budget; from \$500-\$2,000 they must obtain three written quotes and submit it with their purchase and anything over \$2,000 must go through purchasing and have a buyer obtain written quotes for them; anything over \$13,000 must go through the formal bid process.

Hanna asked what the limit for purchasing hand tools was. Endicott said \$500. Hanna said for example; today someone goes and buys a nice 24 volt portable drill kit with two batteries, charger, etc. and two weeks later it comes up missing, at only \$250, they can go out and buy another one. Aren't these charged against someone, like a hand receipt or something? Are all our tools accounted for? You've got to account for these tools, they're expensive. Powell said the question would be, what is the accounting system and who authorizes that purchase.

Endicott said up to \$500 the supervisor of the division would have to sign off on the invoice, authorizing that purchase. Anything under \$500, you can purchase with your supervisor's authorization. If an employee goes down, on their own, in my department, and buys something I have not authorized, that employee will be responsible for it. He said, in essence, the supervisor is responsible for everything under \$500. He said in 1990, the limit was \$50 and the tracking of those items was an absolute nightmare and would take a full time person to actually inventory and make sure we had everything. It increased gradually up to \$250 and last year changed to \$500. Hanna asked if there couldn't be some kind of hand receipt system made up out there, so when an employee leaves, he turns in his hand receipts and gets credit for all the things he had and turns in and if he doesn't, he has to explain where it's at or pay for it. Endicott said from that standpoint, on clothing, when they leave they have to turn certain items in or pay for it. Hanna said that's a lot of freedom to go out and spend money. Patton asked if there was any type of inventory policy, by that supervisor, to take a periodical inventory, once or twice a year, once every two years. Endicott said he doesn't know if individual departments do. The City's policy is, we inventory everything from \$501 on up, but anything under \$500, he couldn't answer what individual departments do.

Endicott spoke on the Auditing Department budget. He became the Auditor for the City of Lawton in 1990 and stayed there until last year when he became Finance Director. He said the City Manager recommended taking the Auditor Director position and making that an Internal Auditor. At the end of last year, we had an Audit Director, a Staff Auditor and an Audit Technician. The Staff Auditor is currently the Revenue Services Supervisor and the Audit Director's position became vacant in September, so there's one person in this department right now and her charge is to work for the City Manager and takes care of all the inventory. There is quite a bit of it over \$500. By combining the Audit Director position with the Staff Auditor position, there will be some savings.

Kathy Fanning reported on the City Clerk's budget. She said we have an increase in the Election Expenses because this next year will be a Mayoral Election, which is city wide, not just by ward. They have a decrease in capital outlay because the postage machine was paid off last year. Patton asked about the filing fee for an elective office of \$100, which is not being collected now. Vincent said recently the Attorney General issued an opinion that since we have adopted the State Election Laws by our Charter, the State Election Law does not permit a filing fee for city offices, therefore, there was a conflict between the Charter and State Law and the State Law won.

Mitchell reported on the Mayor and Council budget. There are a couple changes in your budget request for next

year; 1) in the 231 account for Professional/Technical Services, we did not fund the Economic Development payment to Cameron University; 2) Travel and Training was increased by \$10,000 because last year's was reduced, not permitting any of the Council to attend the National League of Cities convention and we have put some money back if anyone desires to attend this year. We are now approaching the Brack Review at Ft. Sill and there may be some required travel during the coming year for that purpose. Membership fees under the Mayor and Council are, a \$42,000 annual payment to OML, based on population, a \$5,000 membership fee to ASCOG and a \$6,000 membership fee to National League of Cities. Bass asked if we were obligated for the Cameron Tech for three years. Mitchell said the contract reads an initial one-year term with an option to renew two years, last year was the second year and we decided there may not be support to renew the third and final year.

Shanklin asked how much money was brought in on 2002-2003 Hotel-Motel Tax. Mitchell said we are still tracking the balance of June, but as of the end of May we collected about \$488,000 and we have one month remaining; our estimated revenue was \$515,000 and we believe we will meet that. Shanklin asked if we funded the Great Plains Museum out of some of that money. Mitchell said yes, we transferred \$55,000; we had a contract with the Chamber for \$460,000 and \$55,000 to the museum.

Mitchell said there were other items listed on the agenda in case Council wanted to address any. He said he would like to talk about the recommendations on the City's Health Insurance Program.

Tim Golden spoke on the health plan and proposed changes. He said he and the City Manager sat down and went through ten different plans, trying to come up with a way to give us a fair chance of being solvent next year. The plans we finally came up with is a good compromise. The recommendation is to increase the single premium rate from \$188.54 to \$250, which is an overall increase per employee of \$61.46 per month; we are proposing the employee, for the first time, pay toward their single premium rate of what we have to pay for their insurance, that's \$25 per month we are asking the employee to pay. The second is on dependent health care; in the past we have charged one rate whether they had one or ten dependents and we are recommending they pay an amount based upon the number of family members up to a maximum of three. Currently they are paying a base rate of \$199.46, we are recommending an individual with one dependent, the rate stays the same; if they have a second dependent, the rate increases to \$206.46 and a third dependent would increase to \$216.46. On a bi-weekly basis, for the employee, this would mean; for a single employee with no family members, they would pay \$11.54 more per payday; married with a family member, it would be \$231.46 per month, but \$106.83 bi-weekly, an increase of \$14.17 per pay day and those with three or more dependents will increase to \$111.44 per pay day, an increase of \$19.38. Golden said compared to what is on the market, this is a reasonable and modest increase. For retirees, we have tried to make a concession because they are on a fixed income, we propose they pay only 50% of the increase. For example; a single retiree pays \$188.54 per month today, we are taking half of the single premium rate increase of \$61.46, adding that and they will pay \$219.27. For a retiree family, the same was done; currently they pay \$587.46, we are proposing to increase just by the single employee premium rate, 50%; they will increase to \$618.19. Golden said the second part of this would be the benefit reduction. We need \$800,000 to \$1 million this year to have a fair chance and this is not an assurance if this plan is approved, he won't have to come back to Council in six months to make adjustments. Until we get to a point where there is a reserve of a \$1 million, he can't make a guarantee. Golden's recommendations are to keep the elimination of Non PPO's in affect, we increase the deductible for an individual to \$500, increase the family deductible to \$1,500 and increase the cost of multi-source drug, where generics are available, from \$30 or 30% to \$50 or 50%, whichever is higher. If this benefit reductions are accepted, it will save the plan approximately \$375,000. If Council were to enact the proposal, it would save the plan roughly \$872,000.

Shanklin said our contribution will increase by \$345,000 and that's an arbitrary figure, we just decided to increase it by. Golden said it isn't arbitrary, we sat down and figured what we needed to increase the single premium rate to and tried to come up with a cost share program between the City and employee, it was not just picked out.

Shanklin said this will cost taxpayers \$345,000 more and asked if this figure was arrived at by some type of formula. Golden said yes. Shanklin said we are paying \$250 now. Golden said we are currently paying \$188.54, a 100% of the single premium rate. He said he is asking to go to \$225, which is what the city would pay. Mitchell said last year Council put in approximately \$325,000. Golden said this year is \$471,000 and last year was \$327,000. Mitchell said this year we are attempting to reduce our obligation from the current year. Shanklin said you are saying this is less money than we put in last year. Golden said what he's talking about is last year, the plan put in \$471,000 and this \$345,000 is less and that is why the benefit reductions are part of the package. Mitchell asked what the current fund balance is. Golden said he hasn't seen it, but last month it was about \$6,000.

Shanklin asked about the Safety Incentive; his understanding is some of our drivers can get \$2,000 if they don't have an accident this next year. Golden said that is Driver Incentive Awards and is not related to the Safety Incentive. He said he wasn't sure what the Drive Incentive Awards are. Shanklin asked how he would be the recipient of a \$2,000 check. Golden said that was \$500 if you are in the high risk, \$400 in the low risk; going from \$50 to \$200 and \$100 to \$500. Shanklin asked who gets this money. Golden said to qualify for this you don't have any accidents or points assessed against you for the past 11 years. For example; an employee has an accident, the supervisor will bring it to the attention of the General Safety Committee and Injury Review Board and the employee will go before them. They will judge if that individual had the accident because of an unsafe act or unsafe condition

or not. Shanklin said at some point he would get the \$500. Golden said yes, after 11 years. Golden said our Safety and Risk Officer projected when this plan was formed, that about 80% of all accidents would be found to be the result of an unsafe act. Right now, the Injury Review Board is finding that to be about 20%. Shanklin asked if you would have to be in the program 11 years before you qualify. Golden said yes. Vincent said if you are a general employee, depending on your category, and you have a certain number years of service and get a Safety Award, the amounts start from \$12.50 in cash up to a \$25, \$50 and keeps going up the longer the number of years service you have without a chargeable accident. Warren said maybe the question might be; I get the \$500 award this year and I don't have an accident, how much will I get next year? Golden said under this policy you would get the same amount next year. Warren stated he would get another \$500 next year. Golden said up until completion of the 15th year and you would qualify for a larger amount. Devine asked how many years before it would cost the City \$50,000 minimum. Golden said he didn't know the minimum, but we projected the cost at about \$50,000 in five more years. Shanklin stated this is called an insurance. Are you buying an insurance program that pays this or is it coming out of this money? Golden said it is unrelated to the insurance program. Powell said no connection at all; this is an incentive program set up by the City for people to work accident free; the employees are rewarded monetarily if they do that. Golden clarified this is a \$500 Bond, which we pay \$250 for, but it matures to \$500.

Mitchell said when the budget was presented on May 6th, they broke it down between revenues and expenditures; they have gone through revenues and now completed expenditures and it's important to get direction on revenue to know what we have to spend or allocate with respect to expenditures. He said we have made some proposals, heard two or three proposals from Council, a proposal on the 1 sales tax, a proposal to increase the surcharge for Waurika to either \$4.00 or \$4.50 to cover all costs related to the Waurika surcharge and debt service, and we heard a comment on charging outside water customers 1 times our in-city rates. As far as expenditures, we haven't had any general direction or general consensus on what Council wants to do. Shanklin said the budget summary hasn't changed any, we are right where we were from the first day we started. Mitchell said he hasn't heard any changes on either revenues or expenditures other than general conversation or comments. Council was given a memo over viewing what a 1 sales tax would generate, what 1/2 sales tax would generate, some information on when you could hold an election, when the effective date of the sales tax would go into effect and some questions on how that revenue would be allocated. Powell said we don't have a final figure right now. Mitchell said the only time we will know what a final figure is, is sitting around Council table next June 30th, that's when it's final. Powell said that's not a true statement Mr. Mitchell, to a degree. How can we sit here and know what a number is when we are working with two groups out there and we don't know what that number is. Mitchell said that's true, starting July 1st you are going to have to make some assumptions on where we are going to start with the budget and the first assumption he would like to make is an assumption on revenues; how much money do you think you are going to have to allocate to the operation of our departments. Powell said we are going to have to know approximate expenditures before you can say it's going to be \$4.10 or \$4.30 or 1 times on outside water sales, etc. We need a projected number so the Council can make an intelligent decision as how to arrive at that number. Mitchell pointed out the projected number on the overhead.

Shanklin referred to police services, activity 65 on page 125. When you take a 2% deduction, it's 2% of the \$664,000, right? Mitchell said that \$664,000 includes the 2% deduction.

Shanklin stated Chief Hadley said a man would lose \$8,000. Is Chief Hadley wrong? Mitchell said he thinks the confusion is in what was presented in one of our negotiation sessions versus what we have presented to the Council on our budget, there is a difference there. What you need to focus on is the narrative we provided that outlined the total savings for the 2% reduction for the shift in freezing steps, because every item listed in the narrative was deducted from each and every department. When we said, for example, we recommending to Council we reduce all salaries by 2%, we went to every department and reduced every salary by 2%. We said by reducing all salaries by 2%, we could save \$596,000.

Shanklin asked Hadley if some would actually lose \$8,000 in pay if this went in. Hadley said that is not correct at this time. At the time the question was asked, it was his understanding what was on the table was the elimination of the incentives in the contract and his understanding now is that is not the case. That makes a major difference in the individual we were talking about. Bass asked, according to this book, do they lose \$8,000, the way it's set up right here? If you don't have a contract with the fire or police, do they lose \$8,000? Hadley said he didn't believe they would lose that much. It looks to be about \$300,000 less in personnel costs, not withstanding the \$315,000 for the nine positions. There is \$625,000 less in personnel costs. Bass asked if that included all their incentives. There's no steps, 2% cut, that's all there is, everything else is in there, except, in lieu of sick leave. Mitchell said it's cut, but it's a deferral, they don't lose any, they still have their sick leave, they still have the ability to accumulate hours, they will get it at the end of their employment, rather than in a check every year, they don't lose any money. Bass said if you're going to retire in two months and you take it away from them, then you've messed with their retirement plan, correct? Mitchell said there is a group of employees that would be impacted by this change, but it's not the employee retiring in two months. Hadley said it would be a small percentage; for him personally, and he's not a union employee, but the change is just as good, one way or another, it's basically a savings account. He said there are some personnel, because of when they retire, the sick leave dollars, according to state law, that won't count toward their retirement, where the current method would allow them to count that toward their retirement.

Devine said when the budget book was handed out, it was a balance budget and we went through every division completely and haven't cut a thing; the only decision we haven't made is are we going to accept this budget or are we going to redo the whole thing, because that's basically what we are doing. He said he knows it's doing away with a lot of incentives, a lot of jobs and the only thing he can see that we really need to do more than anything is getting a policy where we can furlough instead of laying people off. He asked Mitchell if furloughing comes into effect, won't that offset laying off some of the employees.? Mitchell said they went back and looked at that question and figured a 2% reduction in pay would equal five furlough days, regardless of your income level. The tested this on a \$30,000, \$40,000, \$50,000, \$60,000 salary and 2% of their salaries works out to be about five furlough days, so there would be a possibility of looking at providing employees with an option of the 2% reduction or five furlough days. He said the problem you run into is the same we ran into six months ago, you have a very difficult time furloughing fire, police, sanitation workers, meter readers and other essential personnel, but effectively Council could do that. Powell asked if there were essential areas we couldn't afford to lose people five days in addition to what they are going to get anyway. Mitchell said yes, it would be very tough on the police and fire departments. Powell said the Chief said they are 18 down right now in the police department and we are sitting right here saying we are going to cut nine out of the fire department and then say to use the furlough in lieu of; he believes our people are going to be very upset with us. He asked Devine if he was saying he wanted to accept the budget as is. Devine said it seems like we are going nowhere; we went through every division and haven't made enough cuts to offset anything needing to be changed in this budget, we have not accomplished anything. You've got a balance budget here, but it looks like we are going to have to do the things we don't like doing. He said he has been on the Council for five years and every year we try to make things better for everybody, and by doing that, we have just dug us a hole we are struggling to get out of. We are going to have to make those decisions and he is sorry if it's going to cost a lot of incentives, but we are going to have to do something. He said we can't just continue to give everything back, the taxpayers just can't handle anymore.

Devine said when this pay plan was adopted, he argued it would bankrupt the City within seven years, because it's a pyramid. There's automatic step increases, everybody's going to get raises, whether we give a 2% raise or 3%, it's going to continue and it took less than seven years. We've got approximately 800 employees in this city and over 400 supervisors and most all are at the top of the pyramid, at the top of their pay scale. We are going to have to make changes; either a cut in pay, furlough, lay people off, increase revenue or have a sales tax increase.

Powell asked each Council member to give Mitchell what he or she would like; accept the budget like it is, what they would like eliminated or what they want to stay. He asked Council to give this to the City Manager by tomorrow evening's Council meeting.

Mitchell stated our June calendar is a public hearing, tomorrow, June 10th, a special meeting on June 17th and our state imposed deadline for adopting the budget is June 23, 2003.

2. Discuss the pros and cons of the editorial in the Sunday, June 1, Lawton Constitution. Exhibits: None.

Shanklin said it was pretty good, personally. The individual's opinion was the City's problem is too much spending. We were just talking about furloughing and some employees have 30 days vacation now. Then there's sick leave, ten holidays, (five hard and five soft) and we are worried about furloughing because we can't get the job done. He said public or private sector employees pay 50% of their health insurance, why shouldn't the City employees.

Warren said he thinks everything the Editor wrote is basically true, but what he forgot to mention was the school system is in a barrel. He said as a citizen of Lawton, he doesn't have the ability to call the representative on the school board and say I don't want those cuts made and would rather give you an extra \$5.00 or \$10.00 a month; that ability is not there, so basically the school board is forced to pass this cut on down; they don't have that option. We do have an option; the citizens of Lawton, through us, have the ability to not take a cut where they don't want it. If they don't want to lose a service, they have the ability to come to Council and try to stop that from happening. He asks the citizens of Lawton to call, tell us what you want. It is going to take input from the citizens, we can sit up here and make these decisions ourselves, but the citizens are the ones who will have to live with it. It's important for them to let us know.

Shanklin reminded Council we will have sewer rehab added on next year, another \$5.00, with \$4.50 now, that's \$10.00 and the compounding of personnel costs, water is creeping up there to where it's going to get to 50 a glass.

Warren said this isn't going to be a fix, we are going to be here again next year with the same problems. Hopefully, if we basically follow this plan, we are going to be a little better off next year and a little better off the year after. He said this isn't the end of it. Powell said it didn't take a year to get in this hole and we're not going to get out in a year.

Hanna asked all citizens, who can, attend the meeting tomorrow night, let us know what your concerns are.

ADJOURNMENT: There being no further business to consider, the meeting adjourned at 7:50 p.m. upon motion, second and roll call vote.

